

Old Age, Disability, Death

First law: 1941 (employees' pension insurance).

Current laws: 1944 (employees' pension insurance) and 1959 (national pension program), and 1985. [Two-tiered system: first tier—national pension program (flat-rate) for all residents; second tier—employees' pension insurance or other employment-related programs (earnings related).]

Type of program: Social insurance system.

Exchange rate: U.S.\$1.00 equals 98.22 yen.

Coverage

National pension program: Residents aged 20-59. Voluntary coverage for residents aged 60-64 (aged 65-69 in special cases) and for citizens residing abroad (aged 20-64).

Employees' pension insurance: Employees of firms in industry and commerce, including seamen. (Contracting-out from employee pension insurance allowed if corporate plan provides equivalent or higher benefits.)

Other employment-related programs include special systems for public employees, private school teachers and employees, and employees of agricultural, forestry, and fishery cooperative associations.

Source of Funds

National pension program—Insured person: Employed persons and their dependent spouses, included in employee contribution to employment-related programs.

Other insured persons: 11,700 yen a month (from April 1, 1995), plus optional 400 yen per month for supplemental benefits.

Employer: Included in employer contribution to employment-related programs.

Government: 33-1/3% of benefit costs, plus administrative costs.

Employees' pension insurance—Insured person: 8.250% of earnings according to 30 wage classes. Miners and seamen, 9.15%. Added special premium: 0.5% of bonuses. If contracted out, 3.2%-3.8% (3.5%, October 1994-March 1995) of earnings.

Employer: Same as for insured persons.

Government: Cost of administration.

Maximum earnings for contribution and benefit purposes: 590,000 yen a month; minimum, 92,000 yen.

Qualifying Conditions

National pension program—Old-age basic pension: Age 65, and 25 years' contribution (including for dependent spouse of employee, years of own coverage plus years married to an employee who is covered by any employment-related programs). Pension payable at age 60-64 with actuarial reduction. Pension increased if first paid at age 66 or later.

Disability basic pension: For Class I, total disability requiring constant attendance; for Class II, disability severely restricting ability in daily living.

Contributions paid or credited during 2/3 of period between age 20 and disability onset.

Survivor basic pension: Deceased was pensioner at death, or was covered at time of death and had contributions paid or credited during 2/3 of period between age 20 and death.

Employees' pension insurance—Old-age employees pension:

Age 60 (men) 58 (women), or 55 (seamen, and miners); 25 years of coverage, including years covered by National Pension program. Age 60-64 pension reduced for continued employment (pension reduced 20% if combined monthly wage and 80% of pension exceed 200,000 yen, reduced by 100% of wages if wage exceeds 340,000 a month).

Disability employees pension: For Class I and II, same as under national pension program; For an additional Class III, incapacity less severe than Class II.

Survivor employees pension: Deceased was insured worker or pensioner (old-age or disability) at time of death.

Old-Age Benefits

Rates for old-age, survivor and disability benefits as of April 1, 1995.

National pension program—Old-age basic pension: If fully insured (480 months of contributions), 785,550 yen a year, plus 200 yen for each contribution month if self-employed.

Benefit actuarially reduced for initial entitlement at ages 60-64 or increased for age 66 or older.

Employees' pension insurance—Old-age employees pension: 0.75% of indexed monthly wages multiplied by the number of months of coverage. Age 60-64: insured receives an added 1,625 yen a month of for each month of coverage.

Dependents' supplements: 18,833 yen a month for spouse, 18,833 yen a month each for 1st and 2nd child, 6,275 yen for each additional child (up to the end of the fiscal year the child reaches age 18 or 20 if disabled).

Adjustment: Automatic annual cost-of-living adjustment for both pension programs.

Permanent Disability Benefits

National pension program—Disability basic pension: According to degree of disability, i.e., Class I, 981, 900 yen a year; and Class II, 785,500 yen.

Dependents' supplements: 226,000 yen a year each for 1st and 2nd child; 75,300 yen for each subsequent child (up to the end of the fiscal year in which the child reaches age 18, or 20 if disabled).

Employees' pension insurance—Disability employees pension: Class I, 125% of old-age pension plus additional benefits for dependents; Class II, 100% plus additional benefits for dependents; and Class III, 100%, with a minimum benefit of 589,100 yen a year. Lump-sum grant: 200% of old-age pension payable.

Minimum: 1,170,000 yen.

Dependents' supplements: Same as under old-age pension, payable to Class I and Class II disability only.

Adjustment: Automatic annual cost-of-living adjustment for both pension programs.

Survivor Benefits

National pension program—Survivor basic pension: For widow, 785,500 yen a year. For orphans, see dependents' supplements under old-age pension above.

Full orphans, same as for widow plus dependents' supplements, divided among the eligible orphans.

Lump-sum grant: 120,000-320,000 yen, according to periods of paid contributions.

Employees' pension insurance—Survivor employees pension: 75% of pension payable to insured worker.

Eligible survivors (in descending order of priority): Spouse (age 55 or over), orphans (up to the end of the fiscal year the child reaches age 18 or 20 if disabled), parents (aged 55 or over), grandchildren (up to the end of the fiscal year the child reaches age 18 or 20 if disabled), or grandparents (aged 55 or over).

Dependents' supplements: Same as dependents' supplements under old-age pension. If no children, 589,100 yen supplement a year for widow between ages 40-65, if aged 35 or over at time of death of insured.

Adjustment: Automatic annual cost-of-living adjustment for both pension programs.

Administrative Organization

Ministry of Health and Welfare, general supervision of both programs through its Pension Bureau. Social Insurance Agency, national administration; insurance divisions of prefectural welfare departments and social insurance branch offices, local administration of contributions and benefits for both programs.

Sickness and Maternity

First laws: 1922 (health insurance; implementation delayed until 1927) and 1938 (national health insurance).

Current laws: 1958 (national health insurance) and 1984 (health insurance).

Type of program: Dual social insurance systems. National Health Insurance provides medical benefits, Employees Health Insurance provides cash and medical benefits.

Coverage

National health insurance: All residents not under employment-related health insurance or special schemes are covered under local government (i.e., municipality, township or village) programs.

Employee health insurance: Employees of firms in industry and commerce (government-managed programs, unless member of health insurance society). Voluntary coverage for other employees. Special systems for persons aged 70 and over, seamen, private school teachers, and public employees.

Source of Funds

National health insurance—Insured person: National health tax or premium fixed by individual carrier; average annual contribution, 156,126 yen (1992) per household.

Employer: None.

Government: 50% of medical care costs, cost of administration, and some local subsidies.

Employee health insurance—Insured person: 4.1% of basic wage (average 3.586% in 1992, if insurance society), according to 40 wage classes. Special premium: 0.3% of bonuses.

Employer: 4.1% of basic wage (average 4.666% in 1992, if insurance society). Special premium: 0.5% of bonuses of insured.

Government: 13.0% of benefit costs, 16.4% of costs for health and care for the aged, and cost of administration (none, if insurance society). Special subsidy, 0.2% of benefit costs.

Maximum basic wage for contribution and benefit purposes: 980,000 yen a month; minimum, 92,000 yen a month.

Qualifying Conditions

National health insurance—Medical benefits: Residence in municipality, township or village.

Employee health insurance—Cash sickness, maternity and medical benefits: Current employment in covered occupation. Benefits continued for normal duration if beneficiary leaving employment was covered during last 12 months.

Sickness and Maternity Benefits

National health insurance—No cash benefits provided by law, but provided by some carriers.

Employee health insurance—Sickness benefit: 60% of average daily basic wage in last 3 months, according to wage class. Payable after 3-day waiting period for up to 18 months. Insurance societies may provide more liberal benefits.

Maternity benefit: 60% of basic wage for 42 days before (70 days in case of multiple birth) and 56 days after confinement. Payment discontinued or reduced partially if receiving wage or cash sickness benefit. Also, lump-sum birth grant of 300,000 yen.

Workers' Medical Benefits

Medical benefits (national health insurance and employee health insurance): Service benefits, usually provided by doctors, hospitals, and druggists under contract with and paid directly by carrier. (Some carriers provide services directly through own clinics and hospitals.) Includes medical treatment, surgery, hospitalization, nursing, dental care, maternity care (difficult childbirth only), medicines, and transportation.

National health insurance: Insured pays 30% of cost of all care; maximum, 63,000 yen a month for the same illness (35,400 yen if low-income family). Duration: No limit. Inpatient also pays 600 yen per day (450 yen if low-income family; 800 yen and 600 yen, respectively, from September 1, 1996) for part of food expenses. Special provisions for aged 70 and over, or aged 65-70 if bedridden. Inpatient also pays 300 yen per day (400 yen from September 1, 1996) for part cost of food expenses.

Employee health insurance: Insured pays 10% of cost of all care. Maximum, 63,000 yen a month for the same illness (35,400 yen if low-income family). Duration: No limit. Inpatient also pays 600 yen per day (450 yen if low-income family; 800 yen and 600 yen, respectively, from September 1, 1996) for part of food expenses.

Dependents' Medical Benefits

National health insurance—Medical benefits for dependents: Same as for insured.

Employee health insurance—Medical benefits for dependents: Same as for insured, but with patient paying 30% of cost (20% if inpatient) up to 63,000 yen a month.

Funeral grant: 1 month's basic wage; minimum, 100,000 yen.

Administrative Organization

Ministry of Health and Welfare, supervision of both programs through its Health Insurance Bureau.

National health insurance: Local administration mainly by municipal health funds set up by each town. National health insurance association, program administration for the self-employed.

Employee health insurance: Social Insurance Agency, national administration. Insurance divisions of prefectural departments and social insurance offices, local administration. About 1,823 health insurance societies, local administration for affiliated workers; if limited to 1 enterprise, society fixes and administers own contributions and benefits.

Work Injury

First law: 1911.

Current law: 1947, 1980 and 1986.

Type of program: Compulsory social insurance .

Coverage

Employees of all firms in industry and commerce not included under voluntary coverage or special system below. Voluntary coverage for employees in agricultural, forestry, and fishery establishments with less than 5 workers.

Special system for seamen and public employees.

Source of Funds

Insured person: None.

Employer: 0.6% to 14.9% of payroll, according to 3-year accident rate.

Government: Subsidies within limit of national budget.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: After 3-day waiting period, 60% of average daily wage, plus special supplement of 20% of average daily wage. (Employer pays 60% of average daily wage for first 3 days.) Minimum benefit, 3,960 yen a day. Beginning with 19th month, the more severely disabled have above benefit replaced with a long-term benefit equal to average daily wage multiplied by 245-313 days annually, varying with the degree of disability; they also receive special supplement based on the worker's annual bonus. Adjustment: Automatic annual adjustment for wage changes.

Permanent Disability Benefits

Permanent disability pension: Average daily wage multiplied by 131-313 days annually, varying with degree of disability, for the seriously disabled.

Permanent disability supplement: 1,590,000-3,420,000 yen, plus special supplement based on the worker's annual bonus. The less seriously disabled receive a lump-sum benefit of 56-503 days' wages plus 80,000-650,000 yen, varying with the degree of disability.

Workers' Medical Benefits

Medical benefits: Medical treatment, surgery, hospitalization, nursing, dental care, medicines, appliances, and transportation.

Survivor Benefits

Survivor pension: Equal to average daily wage multiplied by 153-245 days annually, according to number of dependents in family, plus special lump-sum supplement of 3,000,000 yen and an additional supplement based on bonuses.

Eligible survivors: Widowed spouse, children, parents, grandparents, grandchildren, and dependent brothers and sisters (except for widow, all must meet specified age or disability requirements).

Lump sum (if no survivors qualify for pension): Up to 1,000 days' earnings of deceased, plus 3,000,000 yen, payable to non-dependent survivors.

Funeral grant: 280,000 yen plus 30 day's wages or 60 days' wages, whichever is greater.

Administrative Organization

Ministry of Labor, general supervision and administration. The Division of Worker's Compensation within the Ministry's Bureau of Labor Standards, administration of the program through its local labor standards inspection offices.

Unemployment

First law: 1947.

Current law: 1975 and 1994.

Type of program: Social insurance system.

Coverage

Employees of all enterprises not included under voluntary coverage or special systems below. Exclusions: Older workers employed at age 65 or over, and seasonal workers whose term of employment is 4 months or less. Voluntary coverage for employees in agriculture, forestry and fisheries with less than 5 regular employees.

Special systems for day laborers, seamen, and public employees.

Source of Funds

Insured person: 0.40% of earnings (0.85% for seasonal or construction workers).

Employer: 0.75% of payroll (0.50%-0.95% for seasonal and construction workers, respectively).

Government: 25% of benefit costs, 10% of employment continuation costs, and cost of administration.

Qualifying Conditions

Unemployment benefit: 6 months of insurance during last 12 months (extended up to 48 months for sickness, injury, maternity, and hard to employ cases).

Registered with public employment security office, capable of and willing to work, and reporting every 4 weeks.

Unemployment not due to voluntary leaving, serious misconduct, refusal of suitable offer, or nonattendance at recommended training (disqualification for 1-3 months).

Unemployment Benefits

Unemployment benefit: 60% to 80% of wages (higher percentage to lower earners). Minimum, 3,170 yen (2,390 yen for short-term workers) a day; maximum, 9,940 yen.

JAPAN

Additional allowances for depressed industries, injury, skill acquisition, boarding, equipment, and moving expenses. Payable after 7-day waiting period for 90 to 300 days (90-210 days for short-term workers) in 1 year, according to length of insurance, age group, and employment prospects (under age 45 and hard-to-employ, 240 days; age 45-65, 300 days; 180 days and 210 days, respectively, for short-term workers).

Administrative Organization

Ministry of Labor, general supervision.
Employment Security Bureau in Ministry, national administration of program.
Employment insurance sections of prefectural labor departments and public employment security offices, local administration and collection of contributions.

Family Allowances

First law: 1971 (children's allowance).
Current laws: 1980, 1985, 1991 and 1994.
Type of program: Dual employer liability and assistance systems.

Coverage

Residents with 1 or more children: child under age 3.

Source of Funds

Insured person: None.

Employer: 70% of cost (about 0.11% of wages).

Government: With respect to employees—national treasury, 20% of cost; prefecture, 5%; city or town, 5%.

With respect to self-employed and unemployed—national treasury, 66.6%; prefecture, about 16.7%; city or town, about 16.7%.

Qualifying Conditions

Family allowances: Resident's income must be less than 3,589,000 yen in previous year for family of four. Special allowances for employees and public employees with income less than 6,250,000 yen for a family of four.

Family Allowance Benefits

Family allowances: 5,000 yen a month for first and second child, and 10,000 yen a month for each subsequent child.

Administrative Organization

Ministry of Health and Welfare, supervision through Children and Families Bureau.
Insurance division of prefectural welfare department and social insurance offices, collection of contributions.
City or town, granting of allowances.

Contact—Lillian Liu—202-282-7292
